

Executive Summary of Testimony on Colorado Senate Bill 13-052

Opinion expressed by Dr. Jane Lillydahl and Dr. Larry Singell, Urban Economists

1) Introduction

I am Dr. Larry Singell an Emeritus Professor of Urban Economics at the University of Colorado at Boulder. My colleague, Dr. Jane Lillydahl, also an Emeritus Professor is with me today. We have reviewed this Bill as urban economists and want to offer our opinion.

2) Basic position on Bill

- We strongly support the expressed goal of the Bill to encourage transit-oriented development.
- However, as urban economists we believe that passage of this Bill is a mistake for a number of reasons. Most importantly, in our opinion, the Bill is:
 - a) Unproven
 - b) Premature
 - c) Likely to have undesirable side effects, and
 - d) Overlooks or diverts attention from other proven policy options to achieve the goal of the Bill

3) Foundation for position

- a) Unproven
 - There is no established research that evaluates the effectiveness of changing construction-defect litigation in fostering TOD or that evaluates its impact on the quantity, quality, price or affordability of housing or mixed urban development.
 - There is inadequate experience with this approach in similarly-situated urban environments.
- b) Premature
 - The Denver housing market has been hit with a perfect storm of a general economic slowdown, a national financial crisis, and an overall housing market crisis. Time is required to move beyond these problems before evaluating the need for other measures.
 - A large fraction of the development around the transit corridor took place before the completion of light rail and time is necessary for the real estate market to adjust.

- Because living and working near a transit line is highly desirable, we would expect the demand for housing to continue to increase along the corridor as the real estate market adjusts.
- c) Undesirable side effects
- The Bill will result in a discontinuity at the half-mile limit with uneven impacts in communities.
 - There are potentially very significant moral hazards. In short, if defects are less costly to builders, they are more likely to occur.
 - By including bus stops in the determination of the transit corridor, the Bill would include numerous projects nowhere near light rail lines and potentially include entire cities such as the case of Boulder where essentially every street is within ½ mile of a bus stop.
- d) Bill overlooks or diverts attention from proven and widely used options that would encourage TOD.
- A very large number of alternatives exist exemplified by infrastructure development, rezoning, streamlining project approval, investments in neighborhood amenities like bikeways and pedestrian bridges, and so forth.
 - Consideration of this Bill takes away from the focus on other avenues that have been tried and tested and proven to be effective.

In conclusion, we applaud this Bill for its concern with TOD but urge its rejection because this approach is unproven, premature, contains potentially significant side effects, and diverts the focus from other proven approaches to fostering TOD.

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